

**STATEMENT OF GAIL L. WEGNER
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UTILIZATION AND THE CENTER FOR VETERANS ENTERPRISE,
U.S. DEPARTMENT OF VETERANS AFFAIRS**

**BEFORE THE SUBCOMMITTEE ON CONTRACTING AND TECHNOLOGY,
COMMITTEE ON SMALL BUSINESS**

**U.S. HOUSE OF REPRESENTATIVES
MARCH 12, 2009**

















Mr. Chairman and Members of the Committee thank you for convening this hearing to assess opportunities for small businesses through American Recovery and Reinvestment Act requirements. The Department of Veterans Affairs has a sustained tradition of outstanding support for small businesses with special emphasis on Veteran-owned small businesses, and the stimulus funding presents a valuable opportunity to maintain that tradition. I am honored to represent Secretary Shinseki and the dedicated employees throughout the Department of Veterans Affairs who serve our Veterans daily.

Today, I would like to provide a brief update on the current initiatives led by VA and my Office to serve this vital business community. Next, I will explain the context in which this mission continues with the support of the American Recovery and Reinvestment Act. And, finally, I will highlight some challenges posed by these urgent needs to Veteran-owned, disadvantaged and small business concerns.

Performance Update

The Department of Veterans Affairs has a sustained tradition of outstanding support for small businesses with special emphasis on Veteran-owned small businesses. The Small Business Administration posts agency achievement data on its web site. In Fiscal Year 2007, the last year for which such data is publicly available, VA led the Federal government in creating

opportunities for small businesses. I am delighted to inform you that the Department received a Green Small Business Scorecard from the SBA for our Fiscal Year 2007 performance. We are very proud of this rating and hope to repeat it many times over. Summary data is provided in the following table:

DEPARTMENT OF VETERAN AFFAIRS				
GOALS ACHIEVED	OVERALL GRADE			
5/5	<ul style="list-style-type: none">• VA achieved 32.85% exceeding its small business goal of 27.77% that was above the 23% Government-wide goal• This resulted in small business receiving \$991 million more than FY2006• VA exceeded all of its socio-economic goals			
SMALL BUSINESS GRADE				
	FY2006/FY2007 % GOAL	FY2006 SMALL BUSINESS ACHIEVEMENTS	FY2007 SMALL BUSINESS ACHIEVEMENTS	ACHIEVEMENT PROGRESS
	27.77%	28.71% (\$2,862,900,305)	32.85% (\$3,854,687,943)	 GREEN
SOCIO-ECONOMIC GRADES				
SDB	FY2006/FY2007 % GOAL	FY2006 SMALL BUSINESS ACHIEVEMENTS	FY2007 SMALL BUSINESS ACHIEVEMENTS	ACHIEVEMENT PROGRESS
 GREEN	9%	8.21% (\$818,520,968)	8.77% (\$1,029,410,495) Agencies within a decimal percentage of their goal were rated a "Green" when meeting statutory requirements.	 GREEN
WOSB	FY2006/FY2007 % GOAL	FY2006 SMALL BUSINESS ACHIEVEMENTS	FY2007 SMALL BUSINESS ACHIEVEMENTS	ACHIEVEMENT PROGRESS
 GREEN	5%	4.81% (\$479,658,327)	4.97% (\$583,657,495) Agencies within a decimal percentage of their goal were rated a "Green" when meeting statutory requirements.	 GREEN
HUBZONE	FY2006/FY2007 % GOAL	FY2006 SMALL BUSINESS ACHIEVEMENTS	FY2007 SMALL BUSINESS ACHIEVEMENTS	ACHIEVEMENT PROGRESS
 GREEN	3.05%	3.23% (\$321,869,374)	3.31% (\$388,439,407)	 GREEN
SDVOSB	FY2006/FY2007 % GOAL	FY2006 SMALL BUSINESS ACHIEVEMENTS	FY2007 SMALL BUSINESS ACHIEVEMENTS	ACHIEVEMENT PROGRESS
 GREEN	3%	3.57% (\$356,206,175)	7.09% (\$831,811,813)	 GREEN
ACHIEVEMENT CRITERIA				
 GREEN	THE AGENCY MUST MEET 100% OF ITS GOAL OR AGENCY ACHIEVEMENT PERCENTAGE MUST BE OVER THE STATUTORY GOAL WHILE REACHING ITS ROUNDED GOAL (WHOLE NUMBER)			
 YELLOW	THE AGENCY MUST MEET 90-99% OF ITS SMALL BUSINESS GOAL			
 RED	THE AGENCY DID NOT MEET 90-99% OF ITS SMALL BUSINESS GOAL			
ACHIEVEMENT PROGRESS CRITERIA				
 GREEN	THE AGENCY MUST HAVE MADE THEIR GOAL OR MADE PROGRESS IN UNMET GOAL SINCE FY2006 (DOLLARS, PERCENTAGE, OR 3 YEAR ACHIEVEMENT AVERAGE (FY2005-FY2007)).			
 YELLOW	THE AGENCY MUST MAKE PROGRESS IN UNMET GOAL. FY2007 GOAL ACHIEVEMENT DOLLARS OR PERCENTAGE IS WITHIN 10% OF FY2006 ACHIEVEMENT OR 3 YEAR ACHIEVEMENT AVERAGE (FY2005-FY2007).			
 RED	THE AGENCY DID NOT MAKE PROGRESS IN UNMET GOAL			

Source:

http://www.sba.gov/idc/groups/public/documents/sba_homepage/va_assessment_08.pdf

Of special note for our Department, according to the FY 2007 Small Business Goaling Report published by the Small Business Administration, VA led the Federal Government in transactions with service-disabled Veteran-owned small businesses and Veteran-owned small businesses. The report and data for previous fiscal years is available on the SBA web site. This earlier data indicates that our performance in Fiscal Year 2007 is consistent with our past history of strongly supporting all small business programs. Preliminary data for Fiscal Year 2008 shows improved performance in several small business program categories, reflecting the commitment of our acquisition professionals and program managers to creating procurement opportunities for small businesses.

ARRA Opportunities

Given this past performance, I believe that the requirements funded by the American Recovery and Reinvestment Act will be carefully reviewed for participation by small business concerns.

VA's small business success is largely attributable to 3 principal factors. First, as the Department of Veterans Affairs supporting Veterans is our primary mission. Our workforce's focus is Veteran-centric with our employees as our front line of support for our Veterans and for their families. Second, the Department's leadership demands commitment to Veterans in business. Third, VA delivers services to Veterans in the communities in which they live. We understand directly the impact that small businesses have on the local economy.

VA is itself an opportunity for small business. Indeed many of the businesses that provide our products and services are Veteran-owned. In 2006,

Congress created unique procurement authority for the Department of Veterans Affairs in Section 502 of Public Law 109-461 (codified at 38 U.S.C. § 8127). This law enables VA to contract directly with Veteran-owned small businesses and to put Veterans first in set-aside requirements. Winning the first Federal contract and performing it well opens doors of opportunity for many future contracts.

VA's procurement organization also creates many smaller dollar threshold requirements, thereby enabling small businesses that can use simplified purchasing procedures under these lower thresholds. In addition, a large number of VA employees are authorized to use purchase cards to process micro-purchase transactions. In challenging economic times like these, small purchases can make a big difference in the sustainability of a small business.

Support from VA leadership for small business programs is critical to achieving and exceeding our goals in service of small and disadvantaged businesses. The achievements we've reported are the result of strong leadership emphasis from VA's headquarters organizations. Our senior leadership meets monthly to review progress toward small business goal achievements. Our acquisition corps receives excellent technical training and support. In addition, the proposed acquisition strategy for each requirement expected to exceed \$500,000 is reviewed by a Procurement Center Representative from the Small Business Administration or by an analyst in the VA Office of Small and Disadvantaged Business Utilization. This greatly enhances opportunities for small business at the prime or subcontracting level. Our Small Business Analysts also participate in Integrated Product Team acquisition planning meetings for requirements exceeding five million dollars. As VA's Recovery and Reinvestment Act requirements are more fully developed, they will be subject to these same, tested and successful planning and oversight processes. With VA's sustained history of small business support, we fully intend to continue our program leadership by ensuring maximum utilization of small and

Veteran-owned businesses in prime and subcontracting opportunities arising from Recovery Act funds.

Key to program success is the ability to provide direct support to owners of small and disadvantaged businesses. Given the anticipated influx of new companies to the Federal or VA marketplace as a result of the Recovery and Reinvestment Act, it is very important that owners have access to reliable, knowledgeable small business advocates. VA's Office of Small and Disadvantaged Business Utilization is staffed to provide quality support to business owners seeking to enter VA's marketplace. For example, in addition to one-to-one business coaching, we host a monthly Vendor Information Program to introduce owners to VA programs and buying rules. We also have a very active Outreach Program. This year VA is the lead agency hosting and organizing the Interagency OSDBU Directors' Annual Small Business Conference in Chantilly, Virginia on April 22. In addition, VA is the lead agency organizing the agenda for the National Veterans' Business Conference to be held in July. Last Fiscal Year, we initiated a partnership project with our colleagues in SBA's Historically Underutilized Business Zone (HUBZone) program office to promote applications by Veterans for certified HUBZone status. This is an effort we plan to continue. HUBZone status provides Veterans with access to the sole-sourcing and set-aside opportunities of that program. Participating in HUBZone requirements gives all Veterans a greater opportunity to obtain Federal contracts using tools comparable to those available in the government-wide service-disabled Veteran-owned Small Business program.

The Center for Veterans Enterprise (CVE), a separate division within VA's Office of Small and Disadvantaged Business Utilization, promotes business formation and expansion specifically among Veterans. CVE staff provides business coaching support, and the Center maintains the VetBiz.gov web portal. This web site hosts the Vendor Information Pages database for Veteran-owned small businesses. In addition, under the authority of Executive Order 13360, the

CVE provides assistance to other Federal agencies who are seeking to increase their utilization of service-disabled Veteran-owned small businesses.

CVE staff work closely with a number of partnership organizations. A strong collaboration exists with the Association of Procurement Technical Assistance Centers. Funded by the Defense Logistics Agency, these Centers educate owners new to the Federal marketplace. Counselors ensure that owners understand Federal and VA rules before they sign an offer or a contract with us. This program is critical to VA's mission and we believe it will be vitally important to owners entering the marketplace to participate in Recovery Act projects.

Challenges Ahead

Our achievements with small businesses would not be possible without the fundamental work performed by personnel in the Small Business Administration and its grantee organizations, the Small Business Development Centers, the Veterans Business Outreach Centers, the Service Corps of Retired Executives, and the support of Congress.

These are the resources and processes that apply when VA does its contracting under ordinary circumstances, and they have provided us the tools for success in enabling service-disabled and Veteran-owned small business contracting. The stimulus package however, represents an extraordinary response to extraordinary circumstances. VA is assessing whether the additional volume of urgent contracting under the stimulus will require us to enter agreements with other federal agencies, such as the US Army Corps of Engineers or the General Services Administration, so that VA can continue to support service-disabled and Veteran-owned small businesses.

In closing, I hope you will agree that opportunities for small businesses and Veterans in business are abundant and that there is widespread support for this program within VA and across Government.

Mr. Chairman, thank you again for convening today's hearing. I request that my written statement be submitted for the record. I welcome your interest and I am prepared to answer any questions that you or the Members may have.